

## **PUBLIC HEARING**

**TUESDAY, DECEMBER 3, 2013 – 6:15 P.M.**

This is the time, date, and place that the Members of City Council established for a Public Hearing to afford citizens and organizations an opportunity to present their views and opinions on increasing City revenues by keeping the real estate tax rates exactly the same in light of the reassessment of appraised values.

The following Members of Council were present for the Public Hearing:

Darryl Segina, President of Council  
Dale McCall, Vice President of Council  
Jamie Brewster-Filotei, Councilwoman  
Daniel K. Carr, Councilman  
Richard J. Dellapenna, Councilman  
Keith Soles, Councilman  
V. Fawn Walker-Montgomery, Councilwoman

Also present:

Mayor Michael Cherepko  
Matt Gergely, City Administrator  
Raymond Malinchak, City Controller  
J. Jason Elash, City Attorney

Mr. Segina opened the Public Hearing, which was properly advertised in the Daily News in accordance with the Home Rule Charter, Section 507, and a copy of said advertisement can be viewed upon request.

ADVERTISEMENT IS ATTACHED TO AND MADE PART OF THE MINUTES OF THIS PUBLIC HEARING.

Mr. Segina said Good Evening. He said it is 6:15 p.m. on December 3, 2013. He said this Public Hearing is about

increasing City revenues by keeping the real estate tax rate exactly the same in light of the reassessment of the appraised values. He said they will take public comments. He said he will first ask the Administration if they have any comments on this Bill.

Mayor Cherepko said the only comments he has on this are that obviously they still have appeals going on with the reassessments. He said basically at this point, they are saying if there ends up being more revenues coming in due to the assessments, the City will keep the millage the same regardless of whether the assessments are up or down. He said that is the gist of this.

Mr. Elash said this Public Hearing is a legal requirement. He said technically if they are going to raise taxes, then they have to advertise it, so because they are keeping the rates the same and the reassessment may result in additional revenue, they have met their burden under the law by advertising and having the Public Hearing.

Mr. Malinchak said what was the net affect of the assessment. He said he knows there are a lot of appeals because they process them every week.

Mayor Cherepko said they still don't have a bonafide number.

Mr. Malinchak said is it up or down or doesn't he know yet.

Mayor Cherepko said they don't know for sure yet. He said he doesn't know how to work that out based on how they actually collect. He said it is his opinion that he sees a lot of vacant properties that were assessed very, very high. He said that will not help the City, it will just hurt them.

Mr. Malinchak said they will go delinquent.

Mayor Cherepko said as far as whether that will increase their collections or not, they don't know. He said he personally

saw properties that may have been assessed for \$900 or \$1,000 which went up to \$9,000 or \$10,000. He said maybe they were \$500 and went up to \$8,500. He said it is hard to say because they don't know what the number is. He said the reason they are doing this is in case ... if the windfall ends up being above the 5% limit that was put forth ... what the City is saying is that they are not adjusting their millage and will keep it the same. He said the City will keep any additional revenues that may come in.

Mr. Malinchak said going back on previous years, has the Mayor been able to determine what percentage of tax invoices they have collected, which the School District likes to refer to as the "collection factor."

Mayor Cherepko said he would say the collection for real estate taxes are up slightly.

Mr. Malinchak said what is the percentage the City collects compared to what they invoice. He said maybe the Mayor doesn't ....

Mayor Cherepko said he doesn't know that off hand. He said he can just tell him what they collected this year.

Mr. Malinchak said the School District collects around 97%. He said the City is nowhere near that, correct.

Mayor Cherepko said oh no, heavens no.

Mr. Malinchak said the reason ....

Mayor Cherepko said how does the School District collect 97%.

Mr. Elash said the School District collects 97% of their real estate tax?

Mayor Cherepko said that is of the collectibles. He said Mr. Malinchak is talking about the taxes they plan on collecting.

Mr. Malinchak said yes.

Mayor Cherepko said not the so-called uncollectibles.

Mr. Malinchak said in other words, if they end up having \$100 million assessment that they expect, they would expect that they would collect on \$97 million.

Mr. Elash said that is impossible.

Mr. Malinchak said all he has to do is call Mr. Seropian and look at the budget.

Mayor Cherepko said wait a minute Ray. He said what about the assessed properties they are not collecting on.

Mr. Malinchak said that is different.

Mayor Cherepko said Mr. Malinchak's statement should have been if they have \$100 million assessed properties that they believe are collectible.

Mr. Malinchak said yes, collectible.

Mayor Cherepko said Mr. Malinchak did not say collectible, he said \$100 million in assessments.

Mr. Malinchak said he followed that budget for years and one time they dropped it to 93% or 94%. He said he is told that in White Oak, their collection factor in the municipality is marvelous.

Mayor Cherepko said the City's went up a little bit, and he will tell them they just send a letter out. He said usually the second notice from the City was always another card that just said "second notice." He said they actually sent a letter out this year that was a little more aggressive. He said when he walked in this morning, there were a pile of real estate taxes coming into the office. He said he thinks the letter was effective for those who were delinquent. He said Cheryl told him first thing this morning ... he always stops by to say good morning to everyone and he always asks her where they are ... she said look at this "These are real estates." He said he doesn't know the total number off the top of his head, but they definitely collected more

than they did in years past. He said maybe \$200,000 more give or take.

Mr. Malinchak said \$200,000 more.

Mayor Cherepko said he is totally guessing right now but they are somewhere in that ballpark. He said that is just what they have collected in years past. He said as a matter of fact, they have the collections in front of them.

Mr. Elash said they have a resident appeal report.

Mr. Malinchak said there is a substantial increase showing for 2014 in the budget. He said he doesn't have the figure at the tip of his fingers but it is way over \$100,000.

Mayor Cherepko said here is the date, they have already collected \$208,000 year to date for current real estate.

Mr. Malinchak said the Mayor knows too ....

Mayor Cherepko said in years past, they were right around \$2 million and maybe between \$1.9 million and \$2 million. He said they are up a couple hundred thousand. He said they did not always hit the \$2 million mark.

Mr. Segina said the current real estate taxes are at 106.1% which means that they collected more than they budgeted for last year.

Mayor Cherepko said exactly, they collected more than they budgeted for last year.

Mr. Malinchak said so they are expecting to collect over \$150,000 more next year than they have collected to date.

Mayor Cherepko said yes, because he thinks between the assessments, once they are done, and the new collection system, that would be correct. He said he definitely believes that number is going to go up. He said the delinquencies are coming in like crazy today. He said he doesn't know how much and it might be

pennies on a dollar, depending on where they are coming from but they add up.

Mr. Malinchak said he thinks their delinquencies could increase if the delinquent tax collector would exercise a clause in his contract that allows him to attach the rents of rental property of people who are delinquent. He said he keeps asking for that list. He said does the Mayor follow that.

Mayor Cherepko said no, say that again.

Mr. Malinchak said if someone has rental property but is not paying their taxes yet is collecting rent and are delinquent ... if you look at the contract with Keystone Municipal Services, they are supposed to attach that renter and the money would come directly to Keystone. He said he keeps asking for that report.

Mayor Cherepko said can they legally do that.

Mr. Malinchak said yes, it is right in the contract. He said he has been bringing this up for the last six or seven years. He said in fact he even brought a letter here and showed them a letter Keystone sent to someone he knows doing just that.

Mayor Cherepko said is Mr. Malinchak talking about just Section 8.

Mr. Malinchak said no, no, no. He said anyone. He said if someone has rental property and is delinquent on taxes and collecting rent, if the Mayor looks at the contract with Keystone Municipal, they have the responsibility to attach that rent.

Mr. Dellapenna said how could you do that with a cash payer, if someone pays cash for rent.

Mr. Malinchak said if someone pays cash for rent, then he thinks they should be claiming it on their income tax.

Mr. Dellapenna said he understands that but people pay cash for rent.

Mr. Malinchak said if people pay cash then what they do is the law will ... Jason Elash will figure out a way to intercept the cash.

Mr. Elash said he knows that Keystone does it, but when they brought it ...

Mr. Malinchak said they talked about this before.

Mr. Elash said they have never gotten the list and they can determine from the list whether it is rental property.

Mayor Cherepko said he doesn't think they are doing that at a high percentage for whatever reasons. He said he doesn't think they ... as Ray said ... that they are out there on every single one of them. He said they do run into situations like Rich just said that people pay cash for rent. He said he thinks that is something they will look into.

Mr. Malinchak said if they are paying cash, he is sure Mr. Elash will find a way to get to that money.

Mr. Elash said the attachment is issued on the landlord. He said the attachment order would be issued on the landlord so when they get paid in cash, it would be encumbered upon them at that point to pay it to Keystone.

Mr. Malinchak said but what if he just doesn't want to give it to you.

Mr. Elash said then it is a violation of the court order and contempt of court.

Mr. Malinchak said would there be a court order to enforce it.

Mr. Elash said yes.

Mayor Cherepko said even a check, what is going to stop him as a tenant from going to give his landlord a check.

Mr. Elash said that is what they do. He said they would pay it to the landlord or the manager, but there is a court order that they have to garnish out of that rent.

Mayor Cherepko said that is what he is saying, he doesn't think you could .... He said he was confused that they could automatically just garnish it, it would still have to be a court order to make them pay.

Mr. Malinchak said the letter that he saw, which he has a copy somewhere in his file, and he has to admit that this goes back 20 years, basically was written to the renter and said don't send your rent anymore to the property owner, send it to Keystone. He said he can show them a copy of that letter. He said that is something he has been bringing up for years but no one seems to be pursuing that. He said the other thing he has been bringing up for years, being that the Mayor brought up the subject of delinquent taxes. He said the last time he looked there were about \$8 million out there in delinquent taxes. He said they would be lucky to get \$100,000 out of that. He said but why are they leaving even \$100,000 or \$50,000 or \$20,000 on the table. He said maybe they should try to market those.

Mayor Cherepko said that is exactly what they are doing. He said he agrees with Mr. Malinchak. He said if they can get a couple hundred thousand out of them, it would be good.

Mr. Malinchak said if they do it would be a miracle.

Mayor Cherepko said they were just talking about that.

Mr. Malinchak said there is an outfit ... he will tell them who just did that recently, within the last five years. He said Uniontown did that. He said Uniontown School District did that. He said they might want to check with them and see if they had any success. He said maybe it is not worth it after the Mayor talks to them.

Mr. Segina said does anyone else have a comment or want to say something about the tax rate increase. He said he would



just like to say something, and he hates to be redundant, but Council okayed \$900,000 to be removed from the Reserve Account and keeping the property tax rate the same does not help the City whatsoever. He said they still do not know what their final shortfall is going to be this year. He said it is going to be more extreme. He said he would not pound his chest and say that he is not increasing property taxes when they are looking at a shortfall like they have right now. He said that is all he has to say on that subject. He said does anyone in the audience care to make a comment.

Someone in the audience said she has some comments about the budget and didn't know if this was the proper forum for that.

Mr. Segina said that is the next Public Hearing. He said if there are no more comments, he will adjourn this Public Hearing.

### **ADJOURNMENT**

Mr. Segina adjourned the Public Hearing at 6:26 p.m.

Respectfully submitted,

Patricia A. Williams  
City Clerk and Clerk of Council

APPROVED:

Richard J. Dellapenna  
President of Council

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